## Claims:

A method for generating tags embedded with data, comprising the steps of:
 printing, using an encoder, a tag having a data area comprising data dots and a locator
 component comprising constant dots;

using the tag encoder to obtain tag data from a tag format structure, the tag format structure being a dot based data package template containing a plurality of entries, there being an entry associated with each dot's position, an entry indicating whether a data dot or a constant dot, accordingly each entry having either fixed data bits or variable data bits.

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2. The method of claim 1, wherein:

each entry of the tag format structure comprises bits including a selected bit and the entry is interpreted as indicating a data bit, or not, according to the selected bit.

- The method of claim 2, further comprising the step of: determining if the selected bit indicates that the entry is data, then interpreting a remainder of the entry as an address.
- 4. The method of claim 1, further comprising the step of:
  20 interpreting each entry independently without reliance on state information.
  - 5. The method of claim 1, wherein the tag format structure is comprised of one or more lines and further comprising the steps of:

scaling the tag by a factor of N, by scaling the number of entries in the tag format structure; and scaling the tag format structure by replication of each entry N times and by replication of each line N times.

6. The method of claim 1, wherein printing the data and constant dots comprises: printing each dot as a macrodot generated from the tag format structure.

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- 7. The method of claim 1, further comprising the step of:
  providing a tag format structure in which dot positions have a relationship and the relationship takes into account a redundancy encoding of the data.
- The method of claim 1, further comprising the steps of:
  using the tag encoder to redundantly encode the data bits to conserve bandwidth.

- 9. The method of claim 1, further comprising the step of: redundantly encoding entries in the tag format structure.
- The method of claim 1, further comprising the step of:
  providing the encoder with an input which defines the structure of a tag.
  - 11. The method of claim 1, further comprising the step of: providing the encoder with an input which defines whether or not to redundantly encode the variable data bits or to treat the variable data bits as having been encoded.
  - 12. The method of claim 1, further comprising the step of: providing the encoder with an input which defines whether or not to redundantly encode the fixed data bits or to treat the fixed data bits as having been encoded.
- 15 13. The method of claim 1, further comprising the step of: providing the encoder with an input comprising a number of variable data bit records, each record contains one or more variable data bits for the one or more tags on a given line of tags.
- 14. The method of claim 1, further comprising the step of:20 printed the tags with an infrared absorptive ink that can be read with a tag sensing device.
  - 15. The method of claim 1, further comprising the step of:
    using the encoder to merge encoded tag data with a basic tag structure and place dots in an output FIFO in a correct order for subsequent printing.
  - 16. The method of claim 1, further comprising the step of: generating encoded tag data from original data bits on-the-fly to minimize buffer space.
- The method of claim 1, further comprising the step of:

  printing each tag so as to have a background pattern further comprising a locator component.
  - 18. The method of claim 17, wherein: the locator component is circular.
- The method of claim 9, further comprising the step of:

  performing the encoding using double indirection encoding.

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20. The method of claim 1, further comprising the step of: printing the dots as continuous tone dots.